



Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities
Docket No. 2016-xxxx
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Location:

July 22, 2016

Dear Customer:

Liberty Utilities will file an application with the Iowa Utilities Board on or about July 25, 2016, to raise natural gas delivery rates for its customers in Iowa. Liberty Utilities' last rate increase was in 1996 – over 20 years ago.

Rate Increase Requested

Liberty Utilities is asking the Iowa Utilities Board for an increase in gas utility rates and charges with the proposed effective date of June 2017 for the full and final increase.

The proposed increase in annual revenues will be approximately \$1.3 million, or 61.3% annually.

Although the effect of the proposed increase on your bill may vary depending upon the type and extent of usage, the average monthly increase per customer for the primary customer classes are:

Final Rate Increase Requested

Customer Class	Current Average Monthly Bill	+ Proposed Average Monthly Bill Increase	= Proposed Average Monthly Bill	Percentage Increase in Average Monthly Bill
Residential	\$24.96	\$11.31	\$36.27	45%
Commercial (small)	\$44.53	\$15.88	\$60.41	36%
Commercial (medium)	\$263.09	\$230.65	\$493.75	88%
Industrial/ Transportation	\$6,724.62	\$3,040.59	\$9,765.21	45%

Liberty Utilities will place into effect the following rate increase (collected subject to refund) on August 4, 2016, as permitted by the Iowa Code:



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Interim Rate Increase

Customer Class	Current Average Monthly Bill	+ Proposed Average Monthly Bill Increase	= Proposed Average Monthly Bill	Percentage Increase in Average Monthly Bill
Residential	\$24.96	\$7.65	\$32.62	31%
Commercial	\$106.18	\$32.57	\$138.75	31%
Industrial/ Transportation	\$6,724.62	\$2,066.36	\$8,790.97	31%

As part of its requested rate increase, Liberty Utilities is asking the Board to approve a change to how Liberty Utilities collects its rates. Specifically, there are two primary charges on your bill: (1) a fixed monthly customer charge (“Customer Charge”); and (2) a monthly consumption charge (i.e., the charge for how many therms of gas a customer uses per month) (“Consumption Charge”). Liberty Utilities is asking the Board for an increase in both the Customer Charge and the Consumption Charge. If Liberty Utilities is granted an increase to both the Customer Charge and the Consumption Charge, Liberty Utilities is going to phase-in the increase of the Customer Charge over the course of four years.

Specifically, Liberty Utilities will implement its proposed interim rates (in accordance with Iowa Code) and on your next bill after August 4, 2016, you will have a higher Customer Charge and Consumption Charge. Then, upon Board approval of the proposed rate increase (in approximately May or June 2017), you will experience another increase in both the Customer Charge and Consumption Charge. One year after the Board’s approval, in approximately May or June 2018, the Customer Charge will increase again. However, at the same time, the Consumption Charge will decrease by a corresponding amount. This change in the Customer Charge and the Consumption Charge will occur one additional time in approximately May or June 2019. Therefore, even if you do not consume a large quantity of natural gas, your bill could increase during the four year phase-in because of the increase in the Customer Charge.

In addition, Liberty Utilities is creating two new customer classes. Instead of having one “Commercial” customer class, Liberty Utilities is proposing to split the Commercial class into two classes: Commercial (small) and Commercial (medium). If approved, the Commercial (small) customer class will be applicable to those Commercial customers who use less than 5,000 therms annually. The Commercial (medium) customer class will be applicable to Commercial customers who use at least 5,000 therms annually.



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The tables below demonstrate how the requested rate increase will affect the Customer Charge and the Consumption Charge on your bill and how the proposed rate increase affects the new Commercial customer classes.

Change in Bill Charges Phase I: (Interim Rate Increase)

Customer Class	Customer Charge	+	Proposed Customer Charge Increase	+	Proposed Average Monthly Consumption Charge	=	Proposed Average Monthly Bill	Proposed Increase in Average Monthly Bill
Residential	\$7.95		\$2.44		\$22.23		\$32.62	31%
Commercial	\$13.00		\$3.99		\$121.76		\$138.75	31%
Industrial/ Transportation	\$1,400.00		\$429.19		\$6,961.78		\$8,790.97	31%

Change in Bill Charges Phase II: 2017

Customer Class	Customer Charge	+	Proposed Customer Charge Increase	+	Proposed Average Monthly Consumption Charge	=	Proposed Average Monthly Bill	Proposed Increase in Average Monthly Bill
Residential	\$10.39		\$5.74		\$20.14		\$36.27	11%
Commercial (small)	\$16.99		\$8.23		\$35.19		\$60.41	4%
Commercial (medium)	\$16.99		\$77.64		\$399.23		\$493.86	44%
Industrial/ Transportation	\$1,829.19		\$105.44		\$7,833.92		\$9,768.55	31%

Change in Bill Charges Phase III: 2018

Customer Class	Customer Charge	+	Proposed Customer Charge Increase	+	Proposed Average Monthly Consumption Charge (decrease)	=	Proposed Average Monthly Bill	Proposed Increase in Average Monthly Bill
Residential	\$16.13		\$5.74		\$14.40		\$36.27	0%
Commercial (small)	\$25.22		\$8.23		\$26.96		\$60.41	0%
Commercial (medium)	\$94.63		\$77.65		\$321.61		\$493.89	0%
Industrial/ Transportation	\$1,934.63		\$105.43		\$7,726.82		\$9,766.88	0%



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Change in Bill Charges Phase IV: 2019

Customer Class	Customer Charge	+	Proposed Customer Charge Increase	+	Proposed Average Monthly Consumption Charge (decrease)	=	Proposed Average Monthly Bill	Proposed Increase in Average Monthly Bill
Residential	\$21.87		\$5.74		\$8.66		\$36.27	0%
Commercial (small)	\$33.45		\$8.24		\$18.72		\$60.41	0%
Commercial (medium)	\$172.28		\$77.65		\$243.82		\$493.75	0%
Industrial/Transportation	\$2,040.06		\$105.44		\$7,619.71		\$9,765.21	0%

Please note that the total fixed customer charge is *included* in the amounts shown above in the first table labeled “Final Rate Increase Requested” under the headings “Proposed Average Monthly Bill” and “Percentage Increase in Average Monthly Bill”.

After a thorough investigation, the Board will order final rates and charges which may be different from those proposed, and determine when the final rates and charges will become effective. If the final rates and charges are lower than the interim rates and charges, the difference between the final and interim rates and charges will be refunded with interest.

Customer Comment Meeting

The Board encourages customers of Liberty Utilities to attend a customer comment meeting regarding the requested rate increase. The customer comment meeting is the best opportunity to provide verbal feedback directly to the Board and other parties involved in the rate case. The customer comment meeting has been scheduled for:

September 15, 2016 at 5:30 p.m. at Hawthorne Elementary School, 2940 Decatur Street, Keokuk, Iowa 52632.

Customer Rights

You have the right to file a written objection to this proposed increase with the Board and to request a public hearing. Written objections or requests can be mailed to: Iowa Utilities Board, 1375 E. Court Avenue, Room 69, Des Moines, Iowa 50319-0069, emailed to customer@iub.iowa.gov, or submitted online at <https://iub.iowa.gov/liberty-comment-form>. The Board should be provided with any facts that would assist it in determining the justness and reasonableness of this requested increase. This information will be made available to the Consumer Advocate, who represents the public interest in rate cases before the Board.



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A written explanation of all current and proposed rate schedules can be obtained without charge from Liberty Utilities by calling 1-855-872-3242 or by sending an email to CustomerServiceMidStates@libertyutilities.com. You may also visit your local business office.

If you have any questions, please contact Liberty Utilities at the phone number or email address provided above.